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REPORT OF
AGRICULTURAL ECONOMICS EXTENSION WORK
IN 1939

Farmers Demand Increased Assistance With Economic Problems

Work in agricultural economics extension in 1939, as conducted in the 48 States and the Territories of Puerto Rico and Hawaii, can best be discussed in the light of what is happening in our agriculture and our society as a whole. The growing complexity of our economic and social affairs is resulting in an important shift in adult thinking and adult education. Economic and social problems are becoming more significant to farmers as the business of farming becomes more complex. New problems are encountered in the techniques of production, but farmers are also faced with increasingly important problems of how much and what to produce, how to market that which is produced, and how to finance farm purchases and farm operations on a sound basis.

Other problems commanding the attention of farmers, the Extension Service, other agencies, and the general public are those of how to reduce economically the rapid wasting away of agricultural lands, how best to handle those submarginal lands which are now being farmed, how to insure a greater degree of security and permanency of tenure to farm operators, how to induce greater stability of economic and social conditions in high-risk agricultural areas, how to develop a better balance between agricultural and industrial activity, how to improve the position of numerous farmers in the very low income group, how to perfect our distribution system more adequately and efficiently to handle farm products, how to remove some of the price fluctuations and some of the uncertainties of our price structure, and numerous other problems of equal significance.

Greater Efficiency Offset by Low Prices

The demands of farmers for more assistance with economic problems is largely a result of the unfavorable economic conditions which have continued throughout most of the past two decades. In general, attempts to improve incomes on farms during this period, through greater efficiency in production and better management, have been more than offset by low prices for farm products and by maladjustments in the economic system. Unaided, individual initiative has been inadequate under the conditions which have prevailed during this period.

Sacrifice Savings To Live

The effects of a long series of unprofitable years are not easily measured. Many people operating these farms at the end of such a period are not those who operated them at the beginning. Losses written off and new capital brought in are not usually a matter of record. However, an appraisal of deterioration of land resources, conditions of buildings and equipment, accumulated indebtedness, tax delinquency, and of the amount of

working capital at the present time all demonstrate the fact that the maintenance of a fair standard of living on farms during the past decade has come at the expense of original resources, of past accumulations, and of prospective future earnings. Farmers today cannot stand "poor" years as well as they could 15 years ago, and much of what they may earn in a "good" year is used to pay off the losses of this former period.

Farmers Do Good Job but Need Timely Aid

Consequently, while we find farmers today just as anxious as ever to do a good job of farming, they are also demanding that their individual efforts be reinforced by the reestablishment of such conditions as will make farming profitable. They also believe that the public as a whole has a stake in the welfare of agriculture and that they can properly expect temporary public assistance in the reorganization and maintenance of their productive plant -- until such time as economic conditions make it possible for them to assume a larger share of this responsibility themselves.

Economics Extension Program Kept Flexible

The economics extension program has been changed from time to time in an attempt to keep pace with changing conditions and to anticipate new developments. An effort has been made to continue a proper balance between working on public economic problems in the interest of individuals and on assisting individuals in solving their own economic problems in the interest of public welfare. The activities that have resulted would seem to fit very well into four major categories.

1. Improving conditions for farming as a business.
2. Improving individual farming plans and operations.
3. Equipping farm youth better to meet their economic problems.
4. Developing a better understanding of the general economic forces affecting agriculture and the national economy.

SEEK TO BETTER FARMING AS A BUSINESS

Much attention has been given in recent years to such public programs as those dealing with problems of low prices and low incomes, soil depletion and proper land use, the distribution system, stabilization of supplies, crop insurance, financing, competition, and the like. Extension workers in 1939 have continued to contribute heavily from their experience and training to activities concerned with the improvement of agricultural conditions. The assistance which has been given during the year has been along the following lines:

1. Developing the educational basis for programs -- assembling local recommendations and information on specific problems as a foundation for the development of local, regional, and national programs.
2. Providing advisory guidance in the application of programs. In the application of a national or area program to a given

county or locality, it is necessary to estimate the value of that program in the light of local problems in order that emphasis may be placed on those features which have the most constructive long-time value to the particular area.

3. Organizing educational work in connection with the operation of the various programs. Considerable preliminary educational work is essential for local committeemen and others, who will bear the responsibility of administering the various programs, as well as for the public in general. Extension workers dealing with the economic phases of such programs have rendered valuable assistance in this field.

It is not possible in a brief summary of economics extension activities to consider all the educational work done and services rendered in connection with each national program or agency. An attempt is made here to refer briefly, by type of program, to the educational activities designed to develop an understanding of the relation of these programs to the fundamental economic adjustments that need to be made.

Soil Conservation and Production Adjustment Programs Help

Emphasis on both the economic and the physical need for arresting soil depletion and for adjusting supplies to market demands has been stressed in the educational work concerning the economic features of such programs. Information concerning national and local problems, and the relation of formally organized programs to these problems has been called to the attention of farmers and of the public in general by extension workers throughout the Nation.

Such information shows the supply and distribution of the various farm commodities. The effective outlets for such commodities are determined. The effects of the use of past and existing farming systems on the condition of the land, both on a national and a local basis, are explained. The characteristics and limitations of the soil are stressed. Then the elements of the various programs, which have been established to meet situations of this character, are presented.

Consideration is also given to the cumulative effects which may be expected as more and more farmers take advantage of the various practices and adjustments which are being encouraged by such programs to aid both the national and the individual economy.

Likewise, consideration is given to the relative effectiveness of the various practices. Those are encouraged which, on a local basis, give promise of providing the greatest contribution to the improvement of conditions for agriculture in general and for each individual concerned.

Best Practices Shown to Farmers

Assistance has been given in 1939 in estimating the effects of such programs to date. Local information about participation in the programs has been developed and called to the attention of the farmers. These data have shown the types of farms and the areas in which certain practices have been adopted, the increase in the use of such practices, and what adjustments have been made on farms as a result of these practices. The probable result so far as the quantity of products which will be offered for sale and their effect on farmer incomes is concerned, have been indicated.

Considerable assistance has been given to farmers and local administrators of such programs by extension workers. They have provided technical teaching materials which were developed to demonstrate effectively the economic values of certain practices related to soil conservation and soil improvement, productive forest husbandry, and the like, with emphasis on the when, where, and why of the various practices as well as on how to put them into effect economically.

Work Directly With Farmers

In this same connection, a great amount of work has been done, both directly with farmers and indirectly through working with county agents and other local representatives of the agencies, on the adjustments needed in farm organizations in order to promote the broad objectives of the programs and, at the same time, to promote the soundest possible individual farm economy. Emphasis has been placed on the relation of size, production, efficiency, and balance to farm income and on the variations in farm organization which are practicable and desirable because of items such as location, soil conditions, markets, and family needs.

Some methods by which educational work with farmers and with these action agencies has been conducted by the Extension Service are as follows:

1. Tours. During the summer, fall, and early winter, trips were made to observe the results of practices, visit soil erosion demonstrations, study adjustments in farm organization, and appraise the problems peculiar to various land class areas.
2. General meetings. Here, practices were observed and discussed, purposes of programs considered, and means of utilizing programs to improve the situation weighed.
3. Circular letters. Planned and definitely scheduled series of letters, prepared by extension specialists and agency representatives, were commonly used to keep farmers informed.
4. Training schools for committeemen and farmers. At such schools, material on local characteristics and limitations of soil was presented along with trends in the agricultural development of the county, reports on what was happening under programs and methods of training in analyzing a farm business and in planning future operations and adjustments.

Best Land Use Is Problem

The proper use of land in general is a problem which has been rather dramatically called to the attention of farmers, the general public, and public officials during recent years. As long as large areas are put to uses for which they are not naturally suited, major economic and social losses are bound to occur. Extension workers have long been conducting educational programs directing the attention of individuals and the public at large to such unnatural uses, where they exist, and have been sponsoring measures to counteract the uneconomic conditions resulting therefrom. These activities have included local group discussions with farmers who find themselves in such situations, viewing the problems of such areas and estimating the adjustments which are needed; and determining the ways in which these adjustments may be hastened with the least economic and social loss for farm people living in such distressed areas.

Keep Land Use Before the Public

Likewise, the Extension Service has kept the importance of proper land use before the public through land-use tours, land-use exhibits at public gatherings, and through the formal presentation at public meetings of the problems involved. The preparation of printed bulletins and of information for the press and work with public officials in regard to the proper handling of natural resources under their administration have been other means employed in the process of developing a more thorough appreciation of the nature and extent of the misuse of land and its consequences.

Greater force has been given to such educational activities by county agents and other extension workers in 1939 through the part which they took in and their guidance of the land-use planning work, sponsored jointly by the Department of Agriculture and the land-grant colleges of the various States. The basic purposes of this educational and planning activity are the development of a more widespread appreciation of the problems of land use facing the country and the farmers involved, reorientation of the various public programs affecting the use of land, and the coordination of the programs of the various agencies concerned with land use. The basic principle involved in the development of this work is close cooperation between the people living on the land, who are intimately acquainted with the local problems, and the public employees who are charged with the administration of the program. This is expected to result not only in a greater appreciation of the economic, physical, and social problems involved but also in the best possible plans for meeting such problems.

Unite Facts and Policies

During 1939, extension workers have rendered invaluable service through their leadership in helping farmers to assemble their knowledge and experience of local problems, and through preparing and bringing to farmers technical information which would enable them to develop sound plans for land-use adjustments. In performing this latter service, extension workers have cooperated with research and action agencies to insure that local farm people would have at their disposal as much information of a useful nature as was available and in such a form that it might be readily interpreted and used by farmers in their appraisal work.

Even though the amount of work involved has created a very difficult load for the available Extension Service personnel to carry, the accomplishments have justified the effort manyfold. The educational values of such work are readily recognized by farmers, technicians, and administrators alike. Furthermore, the ground work has been laid during 1939 for translating farmer recommendations for adjusting the use of land into specific action. In fact, in the counties where rather intensive work has been developed in 1939, many specific adjustments by individual farmers, local government officials, administrators of various agricultural programs, and others have been undertaken.

Program Brings Results

A preliminary report, prepared for 1939, indicates that approximately 70,000 farmers in 1,120 counties formally participated in land-use planning work in 1939 as members of local committees, in addition to which approximately 200,000 other farmers took part in planning activities. A detailed report of the type of work done in the various counties and of the accomplish-
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ments to date is carried in the mimeographed Report on the Progress of Land-Use Planning During 1939, prepared cooperatively by the Bureau of Agricultural Economics and the Extension Service and presented to the Agricultural Program Board in January 1940.

This specific line of work has provided an effective procedure for the consideration of the various agricultural problems in their relation to one another and in relation to the rest of our economic order. Thus, in its development, an excellent opportunity has been provided to apply the various phases of economics work in a manner related to the problems of the individual farms and of each area, as well as to consider the contributions possible from other phases of extension work and the contributions which the various action agencies can make toward bringing about needed adjustments.

Farm Tenancy Changes Create Problems

Agricultural problems, peculiar to the operation of farms under a tenancy system, have received the consideration of extension workers since the beginning of the Extension Service. Considerably increased emphasis on these problems has developed in recent years with a growing recognition of the rapid increase in many sections in the number of tenant-operated farms. Also, the greater difficulties which tenant farmers are experiencing in attaining to the ownership of a farm and some of the economic and social disadvantages associated with certain types of tenancy operations have been given serious attention.

The approaches to these various problems by economics extension workers may be grouped into the following categories:

1. Developing a general understanding on the part of farmers of the advantages and disadvantages of tenant farming, the evils resulting from improper tenancy arrangements, the desirability of written and equitable leases, and similar related matters. Such educational work is usually promoted through general meetings, special landlord-tenant conferences, and through the preparation of printed material on satisfactory leasing arrangements.
2. Providing lease forms suitable to different types and systems of farming in any given State and encouraging the adoption of such lease forms by individual farmers. Lease forms, thus prepared and used, tend to encourage a fairer distribution of costs and returns between landlord and tenant with the provision for a definite system of land use in line with both soil conservation and income requirements, and also provide for the legal safeguarding of the interests of both landlord and tenant. Such lease forms are made available through the offices of county agents, as well as direct from State extension specialists in economics. They are also widely distributed through general meetings on tenancy problems.
3. Preparing lease forms to meet special conditions at the request of individual landlords and tenants. A considerable amount of such special service work is done in most of the States.

4. Cooperating with State tenancy commissions, State planning boards, and research agencies in gathering facts pertaining to tenancy situations and problems and arousing public interest in the situations needing consideration.

Aid in Tax Equality, Rural Government Problems

Educational work directed toward the development of a better understanding of the problems of rural taxation and rural government has been continued during 1939. Facts concerning problems relating to property taxes, income taxes, and taxes for specified local services, and the relation of the existing assessment systems to the income-producing capacity of different local areas have been assembled and distributed through the different customary means employed by the Extension Service. Discussion groups have played an important part in this phase of educational work during the past year, while services rendered by extension workers to local tax authorities in readjusting their appraisal systems have constituted a real service to farm people.

Calls for Service Increase

Increasing interest in problems connected with rural government costs and rural government efficiency have resulted in an increase in extension work in this field in many States. Various town and county officials have relied upon the Extension Service for assistance in arranging and taking part in programs of training schools for local officials. At the request of local taxpayer groups, extension workers have presented available facts regarding local government costs and the possibility of decreasing such costs through local government-unit consolidation. Likewise, invaluable assistance has been provided to farmers through the services of county agent and other extension workers in advising with local governmental officials regarding sound and economical handling of county-owned lands. In a few States, actual consolidation of minor governmental civil divisions has taken place, largely as a result of the educational work carried on by extension workers with local people.

Assist Cooperative Organizations

Again in 1939, as in previous years, a large percentage of the extension work in the field of economics has taken the form of assistance to cooperative organizations and to the membership of such organizations. Such assistance has varied greatly from State to State but generally has involved appearing on cooperative marketing programs, conducting cooperative training schools and short courses, assisting with organization and reorganization work, and extending aid in the solving of business management and operation problems of cooperatives and in membership information campaigns. Also, extension workers have helped in organizing and promoting cooperative councils, and in rendering other educational services in connection with cooperative marketing and purchasing. More than 6,400 cooperatives with a membership of approximately 900,000 have been assisted in one or more of these ways during the past year.

Although the assistance rendered cooperative organizations generally applies to farmers' organizations, a few States have also assisted consumer cooperatives. Such assistance has usually taken the form of addresses to membership groups, radio talks, purchasing exhibits, furnishing information

of various kinds upon request, and helping the membership in securing a clear and comprehensive picture -- economic, social, and legal -- of the cooperative movement.

Seek To Aid Produce Markets

Increased attention has been given to conditions existing in produce markets by extension workers in the economics field during the past year, particularly in some of the Atlantic Seaboard States. Studies of the facilities of some of the eastern markets have shown their weaknesses, so recommendations for their improvement have been made. In most instances, this work has been conducted cooperatively by representatives of the Extension Service, State Experiment Stations, and the Bureau of Agricultural Economics with the interested parties on the markets, which include growers, produce shippers, and handlers.

Facts Aid Marketing Agreements, Purchase Programs

Valuable facts and suggestions have been presented by Extension Service workers during 1939 in connection with the marketing agreements and with the purchase and diversion programs sponsored by the Division of Marketing and Marketing Agreements of the Department of Agriculture and by the Federal Surplus Commodities Corporation. Extension activities centered on the educational phases of the work concerning the agreements and orders, on conducting referenda, and on keeping producers informed regarding developments in the programs. Economics extension workers in the States also have assembled considerable research material to be presented at public hearings and have held and attended many meetings and conferences. In addition, they have made extensive use of the radio and of circular letters in furthering this work.

Assist Agricultural Industry Programs

The Extension Service has assisted industry groups in the development of programs for certain commodities leading to more efficient production and marketing practices. An example is a program sponsored cooperatively this past year by the Extension Service and State Colleges, the United States Department of Agriculture, and the Northeastern Vegetable and Potato Council. This program has as its principal objective the development of closer cooperation on the part of growers and distributors in order to obtain more orderly and efficient merchandising procedures for vegetables produced in the Northeastern States. Upon the request of the Council, the Extension Service in each of the States concerned has helped to organize committees of growers and distributors for each of the principal market centers in the area and has worked with these committees throughout the season in carrying on the program. In addition, the Federal Extension Service has provided the necessary means to coordinate the activities on a regional basis. Somewhat similar services have been provided to other industry groups and to groups of producers organizing their own marketing machinery on a commodity basis.

Help in Emergencies: Meet Drought, War, and Violent Price Changes

In spite of the best forecasting possible, emergency situations develop somewhere in the United States every year. Serious economic and social problems arise overnight. Sometimes only local areas and local groups of

farm people are affected. Sometimes whole regions and hundreds of thousands of farm people are involved. A number of such emergency situations arose during 1939.

Extension Service Answers "Hurry" Calls

Extreme drought in the Great Plains and in many sections of the West, war abroad and uncertainties as to the price outlook, the partial collapse of the tobacco markets, and similar events forced farmers in many areas to make adjustments quickly in light of the best information that could be marshalled. The Extension Service, with a field representative in each area in close touch with farm people, and with State and national organizations, has been able to take quick action in these emergencies. It has assisted farmers to understand the new economic and social problems that arise, the forces which cause them, and the measures available to combat them. It has cooperated with other agencies of the Department of Agriculture, other Federal departments, and State, county, and local agencies in developing public action to meet such emergencies.

IMPROVE INDIVIDUAL FARM PLANS AND OPERATIONS

The contribution of this phase of an extension program from an economic standpoint, as distinguished from helping farm people with group activities, is primarily through improving individual farm incomes. In other words, steps have been taken to help farmers meet their individual problems of efficiently and profitably operating their farm businesses. This type of assistance is intended to develop a better understanding on the part of farmers concerning the various factors contributing to success in farming and to help them apply these factors for success to their own farm situations.

The economics extension activities in this phase of an extension program are based on the assumption that successful farming today calls for:

1. Analyzing economic conditions as they affect the opportunity for profit.
2. Developing a farm plan based on sound business principles.
3. Following economical methods of operation.
4. Using good judgment in buying, selling, and financing.
5. Making appropriate use of farm products in order to reduce cash costs of family living.

The following outline is presented as an illustration of the kind of farm management, outlook, credit, and marketing questions now being raised by farmers and the type of information being considered with them in the development of their farming plans:

1. Analyzing conditions as they affect the opportunity for acquiring a reasonably good income.
 - a. Is the farm a good one, located in a reasonably productive area with good markets?

- b. Is the farm large enough to provide for an economically sound business?
- c. What is the outlook for the important commodities of the area?
- d. What enterprises offer the best possibilities for this farm?
- e. Is the current period a good time to make long-time investments?
- f. Is the prevailing level of individual farm income due primarily to prices, quality of farm, the selection of enterprises, changes in market demands, or kind of management?
- g. What are the opportunities for work off the farm?

2. Developing a farming plan based on sound business principles.

- a. Planning a crop and livestock organization in line with soil conditions, which will conserve resources, meet market demands and provide a well-balanced, profitable business, consistent with the family's resources and capabilities.
- b. What kind and amount of livestock should the farm carry?
- c. What should be the balance between cash crops and home-grown feeds?
- d. What can be done to bring to the farm more of the consumer's dollar through the development of retail outlets such as special customers, roadside stands, and cooperative selling.
- e. What side lines can be added or odd jobs performed to more fully utilize labor, equipment, land, and buildings?

3. Following economical methods of operation.

- a. Providing for full-time employment of available labor at productive work.
- b. Getting economically high yields of good quality products.
- c. Getting fields laid out and buildings arranged for saving time.
- d. Planning ahead and timing operations.
- e. Adopting labor-saving devices and methods.
- f. Deciding when it will pay to add new equipment.

4. Using good judgment in buying, selling, and financing, in the light of:

- a. The current outlook situation for the prices of various commodities.

- b. The seasonality of prices for most commodities and the purchasing power cycles in livestock.
- c. The effects of a changing price level on farm prices and on the various costs of production.
- d. What the consumers want and when they want it.
- e. Trends in and the status of competition on the market.
- f. Cost of credit through various sources.
- g. How to use credit efficiently and effectively.
- h. How to judge quality in purchases.

5. Getting more living from the farm.

- a. Planning for meeting the home food needs insofar as practicable.
- b. A well-planned garden to supplement other sources of food.
- c. The place of cows and chickens solely for production for home use.
- d. The place of vineyards, bush fruits, and tree fruits in the home-production program.
- e. How the present food program is meeting dietary requirements.
- f. Processing and storing available supplies for use in the home.
- g. A well-managed wood lot for fuel, posts, and lumber.

In aiding farmers to solve the numerous questions of an economic character which may affect their individual farming businesses, as illustrated above various types of teaching devices may be used. Some work best in combination; some work best alone.

Opportunities for educational contacts may vary from written correspondence to direct individual calls. They may be group contacts at meetings, or they may be indirect group contacts through the use of the press or the radio.

Techniques and materials, suitable for use with each educational medium, need to be adapted or perfected to meet each new situation as it occurs or to meet a new phase of an old one as changes develop.

Seek New Ways To Aid

Extension workers are constantly developing new approaches which enable them to broaden the scope of their influence and their service. Much progress in this direction has been made in 1939 through additional emphasis on group meetings, through the use of indirect methods of reaching the mass of farmers, and through cooperation with the personnel of action agencies in training them to render more complete economic services to the

farm people with whom they came into direct contact. Noteworthy progress was made in 1939 through the further development of this latter means of service.

The following are some of the specific extension methods of aiding farmers with their individual farm problems which were employed in 1939:

1. Farm and enterprise accounts.
2. Farm and market surveys.
3. Other special economic surveys.
4. Farm inventory campaigns.

(The above four devices are used both as educational devices for those cooperating and to develop a background of information for widespread use.)

5. Farm and home unit demonstrations.
6. Farm analysis and farm planning meetings.
7. General farm-management, marketing, and outlook meetings and schools.
8. Farm and market tours.
9. Farm-management and marketing correspondence courses.
10. Packaging and grading demonstrations.
11. Farm credit and farm financing meetings.
12. Farm-appraisal field meetings.
13. Farm leasing and tenancy meetings and conferences.
14. Film strips, radio, exhibits, news releases, and so forth.
15. Personal correspondence and personal interviews.
16. Annual and current outlook reports.

Helping One May Affect Others -- Need Judgment

It is obvious from the above analysis that many of the adjustments which certain individuals on the farm need to make cannot be made without affecting the others. How to increase the size of a farming business, the efficiency of operation, and the unit production on an individual farm are one thing. How to keep total agricultural production in line with market demands is another. It means either a gradual increase in market outlets or a decrease in the number of farm operators.

Both steps have been taking place in the past. In order to synchronize farmer thinking on both his individual farm problems and on the group problem

of all farmers, the two types of work have been carried on together and related wherever this has been possible.

The newer agencies, particularly the A. A. A. and F. S. A., with enlarged scope and funds, have aided greatly in reaching people not formerly contacted. Advisory assistance has been given to the personnel of these agencies on such questions as the best size of units, live-at-home enterprises, tenure arrangements, off-the-farm employment, guidance in selecting new locations, and on other matters of an economic nature.

EQUIP FARM YOUTH BETTER TO MEET ECONOMIC PROBLEMS

Farm boys and girls today need to appraise all the new developments and to take the same look ahead that farm men and women are taking. They should even attempt a longer look into the future than do their elders. They have further to go.

Within the next few years, today's young people will rent or buy most of the farms. In doing this, those who do become farm operators will need to decide on the long-time opportunities of the area, the proper type of farming and size of farm, the income-producing ability of farms in different sections, and the needed amount and means of financing. Most of them will need to assume debts for 20- to 36-year periods. They must decide on the system of farming, farm-management plans, marketing methods, and production practices which they estimate will return an income large enough to meet their mortgage obligations and to pay for the living expenses, housing, education, and other needs of a satisfactory farm-family life.

However, in the economics educational work with young people, it is essential that we recognize that a large percentage of them will not turn to farming, at least as their first occupation. Opportunities to farm are restricted, as there are many more farm boys ready to farm than there are farms available. Also it is not financially possible or desirable for farm youth to assume the full business responsibilities of farming too rapidly. Furthermore, there are many children living in the country on part-time farms and in rural residences, whose interests lie as much in other occupations as in farming.

These young people are greatly interested in discussing and analyzing the opportunities which are open to them in various lines of work. Consequently, it is desirable to develop the educational work with them on the economics of farming by giving them a chance to appraise their own possibilities as potential farmers and to analyze alternative openings. The following types of approaches have been followed in 1939 to improve their understanding of the problems involved.

What To Consider in Deciding To Farm

1. The training and experience desirable for farming.

A consideration of the value of farm experience, working on successful farms, 4-H crop and livestock projects, and agricultural courses in high school and college.

2. Opportunities for the farm-reared and agriculturally trained boy.

A consideration of the kind of living provided on a farm and the opportunities available in other pursuits. An appraisal of such values as cash available for spending, security, freedom, outdoor life, recreation, and education.

3. How to get started in farming.

A consideration of the prospects on the home farm, or as a hired man, tenant, or partner on other farms. How to finance a farming endeavor. The advantages and disadvantages of getting a farm through work at some related job to accumulate capital.

4. Selecting a farm.

A discussion of the importance of soil, markets, climate, the size of business, combination of enterprises, condition of buildings, water supply, lay-out of fields, and general desirability of the area involved as a home site.

Some of the methods used to bring about a better understanding of farming possibilities and problems are the 4-H crop and livestock projects, accounting clubs and contests, discussion groups and meetings, and land-use and farm-management tours.

Teach Principles of Marketing

An increased number of very commendable programs for rural youth groups, including 4-H Club members, have been developed by extension workers in 1939, based on the problems of marketing. The more common type of programs has taught the principles and practices of grading and marketing farm products, and the proper use of market information. Numerous schools have been held in this connection while other schools have been conducted for the purpose of teaching the principles and practices of cooperative marketing and purchasing. Also, discussion group meetings, market tours, improvement-demonstration meetings, and trips to livestock shows have been conducted to assist young people to understand better the problems and practices involved in the marketing process.

Use Farm Accounts

An excellent method of acquainting farm youth with the economic aspects of farming is through the training acquired by keeping farm accounts and analyzing individual farm businesses from an economic standpoint as revealed in such accounts. This type of work is particularly adapted to the older-youth group which has reached a fairly mature stage of mental development and is at the age when it is natural for young men and women to be appraising the economic aspects of farming as a lifetime vocation.

The economics extension program for farm youth in 1939 has emphasized the study of farm accounts, both for those in school and those out of school. For those in public schools, extension workers have prepared record forms and sample farm-business problems for the use of the public school teachers in their classroom work. For those out of school, farm accounting contests and projects have been sponsored with gratifying results.

Extension workers have met with groups of farm boys and girls throughout the country, have trained them to keep farm accounts, and have shown them how to use such accounts later in analyzing farm businesses. In so doing, the educational material developed from accounts kept by farmers has given these young people a picture of the characteristics of successful farm businesses. This has helped them to develop a set of standards to guide them in their own future selection of farms to operate, and has taught them effective methods of operating such farms, once they have been acquired. Such work is extremely productive of results since it helps to forestall many economic errors that would otherwise be made and provides a contact with a group which is in a position to make the maximum use of the education thus attained.

Study of Economic Forces Affecting Farming Should Be Fruitful

Since most of the rural youth reached by the Extension Service are organized into groups meeting at frequent intervals, an opportunity is provided for educational work bearing upon some of the broader economic problems. In addition to the specific lines of work outlined above, rural youth has shown an interest in a consideration of such forces. Hence, a considerable amount of work has been done with these groups in considering price fluctuations and their causes, the interrelationship of agriculture and industry in our economic system, the economic history of agriculture in this country and what it portends, the need for conservation of our natural resources, the reason and need for the various types of agricultural programs and the problems they are set up to meet, and in many other similar matters of an economic character. Such work should bear excellent fruit when today's youth becomes tomorrow's farm operators.

DEVELOPING A BETTER UNDERSTANDING OF GENERAL ECONOMIC FORCES AFFECTING AGRICULTURE AND THE NATIONAL ECONOMY

Probably one of the biggest opportunities ahead for the educational program of the Extension Service lies in the development of a better understanding of such broad problems as our price structure, our distribution system, our taxation policies and international trade, interstate trade barriers, and land ownership. It is also necessary that adequate explanation of our farm programs be given to the public in general.

Understanding of Prices Requires Study

Because of the conditions under which we have been living during the past 25 years, farmers and others have become more conscious of price fluctuations and their significance. However, there are few subjects about which we have less understanding and more disagreement than that of prices.

Rapid Changes Hard for Farmers

There are many reasons why an understanding of price fluctuations and their causes and effects is most important to farm people. Some of these reasons are outlined below:

1. An industry with a turnover as slow as that of agriculture cannot operate successfully under rapidly-changing price levels.

2. An industry made up of a large number of small independent producers creates mass movements which in themselves are both a cause and a result of price fluctuations.
3. In agriculture there are tremendous variations in prices between commodities; between producing areas; between seasons of the year; between farm, wholesale, and retail prices for the same commodity; between markets; and between various grades and varieties. In other words, the complications in the agricultural price structure, and the generally prevailing competitive methods followed in determining price, result in much misunderstanding of the factors which cause a certain price and of the importance which might be attributed to the various factors.
4. And finally, we do have, in spite of generally prevailing competitive conditions, many controls in our agricultural price structure, such as: Tariffs, import duties, reciprocal trade agreements, freight rate differentials, basic-surplus plans for milk, control boards, marketing agreements, production allotments, surplus purchases, loaning policies, ever-normal granary, price of gold, exchange rates, and credit manipulations. There is need for a more thorough understanding of these price regulations, both by those who operate them and by those whom they affect.

Seek To Develop Understanding

The primary purposes of extension educational work in the general field of prices are twofold. First, to create that degree of understanding on the part of farm people of price-determining forces which will enable them to plan their business operations most intelligently, and second, to create that degree of understanding on the part of the general public which will result in the most intelligent guidance of public actions. In other words, the educational work is designed to develop a better understanding of what the price problem is, how changes in the general level of prices affect the people, why the price level changes, and, finally, what is being done to correct some of these situations and what results we can hope to accomplish.

International Trade Changes Bring New Problems

Another major economic problem of significance to rural and urban residents alike, which has received major attention by extension workers in 1939, is that of international trade. The shift in the financial position of the United States as a result of the first World War--that is, from a debtor to a creditor nation--has resulted in a decidedly different set of economic problems facing this country and is necessitating major readjustments in our national economy. Because of lack of understanding on the part of the public in general about this change in financial position of the United States, and because of the corollary adjustments necessary, progress in making such adjustments is impeded. The Extension Service is in a strategic position to contribute to the development of sounder thinking regarding such major economic problems and this was made one of the major items for educational work in the economics program in 1939.

Trade Balance Shifts Upset Tariff Policies

Every avenue possible is used by extension workers in economics to reach both rural and urban groups with information in regard to this shift in the economic position of this country in relation to the rest of the world. In addition, the necessity of using every legitimate means to foster international trade as a method of minimizing the disruption of our economic system has been stressed. The attempt has been made to point out effectively the fact that our prewar balance of trade cannot be continued, that newer countries have displaced us as producers of raw materials which can be used to meet obligations on foreign investments, as we were doing prior to the great war period, and that, as a result, tariff policies built up during our Colonial expansion period and subsequent years are no longer applicable. Likewise the place of trade agreements in this situation, and their objective and their possible effects, have become an essential part of such work.

Interstate Trade Barriers Raise Costs, Cut Incomes

The rapidly growing tendency for States to set up trade barriers of one kind or another is another development, creating economic problems for the public in general, which has received the attention of extension workers in 1939. Such barriers tend to impede the free flow of agricultural produce from the farm to markets and add extra costs to those which the consumer must pay. They also tend to result in lower incomes for producers. In most instances these barriers cannot be justified from an economic standpoint and, irrespective of whatever other reasons may have been involved in their development, they need to be appraised very thoroughly and objectively by all persons affected in order that proper remedial action may be taken.

Information Programs Improve Understanding

In most instances this type of development is supported by people who lack information or who are supplied with misinformation. Hence, educational work has been done which, in accord with its objective, has tended to clarify the thinking of the public regarding the economic implications of such interstate trade barriers so that an informed public may assume the responsibility for bringing about a change in this growing tendency. Evidence to date indicates that such an analysis is being made and that influence is being exerted effectively toward the elimination of many of these barriers to interstate trade.

Land Tenure Problem Critical

Through lack of a definite land policy in this country in past years, or, in some instances, due to an ill-conceived segment of a land policy, such as the homesteading program which encouraged attempts to follow a type of farming in areas to which such was not adapted, serious economic and social problems have arisen in many sections of the country. These problems have brought dramatically to the attention of the public in recent years as conditions in these areas have become critical. Out of this has arisen numerous questions concerning the type of land policy which this country should encourage. Most of these questions imply some form of public action, so again a well-informed public is necessary if the most constructive type of action is to result. Some of these economic problems, which county agents and other extension workers have considered this past year with farm people as well as with some urban groups, are:

1. Under what conditions should governmental units endeavor to restore land to permanent public ownership?
2. What should be the use to which such lands are put?
3. Should public lands be owned by local governmental units, or by the National Government, and how could such lands be most effectively administered?
4. What is the place of rural zoning in a sound land policy?
5. What is the place of government in fostering private ownership of land?
6. How can vested interests in water rights be adjusted to insure the optimum development of land and water resources?
7. What legislation, if any, is needed at the State or national level to insure desirable land tenure on privately owned land?

Although these and similar questions are ones for public decision and will require long and continuous educational work before decisions are reached and desirable action taken, they are questions of sufficient public significance to justify continuous and persistent educational effort by the Extension Service.

Analyze Distribution System

In most of the States much of the time of extension workers has been devoted to general educational programs directed toward an analysis of our distribution system and toward ways in which it might be improved. Such work has taken the form of a general analysis of our distributive machinery and of its functioning, as well as of a more particular analysis of the methods of distribution employed with a given commodity or class of commodities. In such work, field meetings concerning the marketing of specific commodities such as wool, livestock, poultry and dairy products, grain, fruits, and vegetables have been held. Other field work has included market shows, consideration of the proper place and use of storage locker plants, cooperative marketing and purchasing, market news services, inspection and grading legislation, milk marketing regulations, and transportation legislation and regulations, and their effect on the efficient marketing of farm produce.

Poor Agricultural Credit Costly, Sound Credit Helps All

The severe economic pressure experienced by farmers during the past two decades, accompanied by widespread loss of farm ownership through mortgage foreclosure, by an increase in mortgage indebtedness, and by the difficulty experienced by farmers in attaining to farm ownership, has contributed to the greatly increased interest on the part of farmers in a credit system better suited to their needs. The desirability of such a credit system is likewise of interest to the general public since economic losses, sustained by farmers when operating under an unsatisfactory credit system, are reflected in less satisfactory conditions throughout other phases of the economic system.

Therefore, in addition to services rendered to individual farmers, directed toward helping them develop more satisfactory financing plans, the economics extension program in 1939 has included a material amount of educational work on the characteristics of sound farm financing. Both long-time and production-credit policies have been considered in this work. Efforts have been directed toward encouraging the use of those types of credit which were purposefully developed to meet the needs of agriculture, and toward the adoption of credit systems of this type by all lending agencies.

Production Credit Based on Planning

Emphasis has been placed on the desirability of long-term amortized loans for real estate purchases and on the establishment and use of the "line of credit" principle for production loans based on definite farm plans of operation. In conducting such work, active participation by the personnel of lending agencies has been solicited and obtained by extension workers in the economics field. The educational work done thereby has been doubly effective as, through this process, the lending policies of financing agencies and the borrowing policies of individuals have been influenced at the same time.

Hold Adult "Credit" Schools

In a few States, general educational work on the principles of sound agricultural credit has constituted one part of the formally organized "agricultural economics schools" for adults conducted by the Extension Service, while in others the same problem has been considered with businessmen's groups, bankers' organizations, and other such groups. Likewise, considerable work has been done through extension workers advising with lending agencies of various types both in regard to their general lending policies and to their financing policies in connection with the resale of farms of which they had become unwilling owners through mortgage foreclosures.

Other activities which have been sponsored during the year for the furtherance of a better understanding of sound farm-financing procedures, have included county forums of educational leaders, representatives of lending agencies, and others; and public-speaking contests for farm youth centered around the farm credit topic, debt adjustment work, and the like.

Public Programs Affect Both Agriculture and Industry

In view of the greatly increased interest on the part of the public at large in various aspects of our national economy -- a direct outgrowth of the severe economic pressure of recent years and of the new public programs developed to relieve this pressure -- one of the major elements of the extension economics educational program in 1939 has been the development of a better understanding of the economic reasons for such programs and their significance to rural and urban groups. Since both rural and urban groups have a direct interest in public action of this type and since both are affected, extension workers have exerted every effort to reach both groups with their educational work in this field.

Both Rural and Urban Groups Take Part

Field work in this connection frequently has taken the form of discussion meetings, panel discussions, and open forums, wherein both rural

and urban groups have participated. In several instances, a particular program has been used as the basis for discussion at such meetings. In others, the general question of governmental assistance to agriculture and its relation to urban welfare has served as a point of departure. In all instances, the objective has been to make clear the interrelationship between agricultural and industrial economic welfare. This should in itself tend to minimize friction and to develop support for the sound development of any governmentally sponsored activities which are directed toward an improvement in our economic order. Again, although such educational efforts bear fruit slowly, they are felt to be very much worth while and have been given every possible attention.

Statistical Summary Follows

Appended is a statistical summary of economics extension activities which presents a numerical picture of the chief facts which may be measured quantitatively. It does not include much other important work done by agents and specialists, such as land-use planning, which, though no complete estimates have been compiled, require much of their time and attention.

Statistical summary of 1939, results with comparisons*

| Procedure | Marketing activities | | | | | |
|------------------------------------------------------------------|----------------------|--------------------|----------------------------------|---------------|--------------------|----------------------------------|
| | Groups | | Percent | | Individuals | |
| | 1939 | 1937-38 average | 1937-38 :Percent increase: | 1939 | 1937-38 average | 1937-38 :Percent increase: |
| Assisted in organizing during year | 1,162 | 1,224 | - 5.1 | | | |
| Previously organized but assisted | 6,404 | 5,492 | + 16.6 | | | |
| Membership in above groups | 932,887 | 874,915 | + 6.6 | | | |
| Individuals, not in above, aided | | | | 351,549 | 308,857 | + 13.8 |
| 4-H Club members instructed in marketing (Project begun in 1939) | | | | 99,074 | | |
| Assisted in problems of standardizing, packaging, or grading | 1,769 | 1,607 | + 10.1 | 55,824 | 58,609 | - 4.8 |
| Assisted in problems of processing or manufacturing | 640 | 559 | + 14.5 | 12,398 | 45,592 | - 72.8 |
| Assisted in problems of locating markets or transportation | 1,873 | 1,579 | + 18.6 | 89,014 | 45,580 | + 1150.2 |
| Assisted with problems of use of current market information | 2,939 | 2,374 | + 23.8 | 163,550 | 145,646 | + 12.3 |
| Assisted with problems of financing | 1,498 | 1,199 | + 24.9 | | | |
| Assisted with problems of organization | 1,976 | 1,897 | + 4.1 | | | |
| Assisted with problems of accounting | 909 | 920 | - 1.2 | | | |
| Assisted with problems of keeping membership informed | 3,822 | 3,361 | + 13.7 | | | |
| Produce sold by those assisted | \$383,893,750 | \$346,742,883 | + 10.7 | \$143,404,849 | \$94,023,746 | + 52.3 |
| Supplies purchased by those assisted | \$ 57,462,345 | \$ 57,355,039 | + 0.2 | \$ 16,708,585 | \$14341,716 | + 16.5 |

* This statistical summary includes the chief facts which are available in quantitative form. It does not include much other important work done by agents and specialists, such as in land-use planning, for which complete statistics have not been compiled, yet which takes much of their time and attention.

Statistical summary of 1939, results with comparisons--Continued

| Activity | Farm records and accounts | | | Individual farm planning | | |
|------------------------------------------------------------------------------------------------|---------------------------|---------|----------|--------------------------|---------|----------|
| | 1939 | 1937-38 | Percent | 1939 | 1937-38 | Percent |
| | | | increase | | | increase |
| Days devoted to project by agents and specialists concerned | 24,674 | 24,201 | + 2.0 | 22,031 | 19,047 | + 13.5 |
| Communities concerned | 19,002 | 18,378 | + 3.4 | 14,976 | 13,318 | + 12.4 |
| Meetings held | 7,275 | 8,011 | - 9.2 | 7,012 | 5,532 | + 26.7 |
| News stories published | 4,764 | 5,607 | - 15.0 | 3,418 | 2,685 | + 27.3 |
| Different circular letters | 5,238 | 6,387 | - 18.0 | 2,488 | 2,226 | + 11.7 |
| Farm or home visits made | 49,118 | 50,201 | - 4.1 | 41,398 | 35,653 | + 16.1 |
| Office calls received | 94,395 | 110,852 | - 14.8 | 226,144 | 203,172 | + 11.3 |
| 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Farmers keeping accounts for year | 82,779 | 53,285 | + 55.4 | | | |
| Farmers keeping cost-of-production records | 42,450 | 43,967 | - 3.4 | | | |
| Farmers aided with inventory or credit statements | 45,023 | 50,338 | - 10.6 | | | |
| Farm business enterprise survey records taken | 53,016 | 22,476 | +135.9 | | | |
| Farmers making recommended changes in business as result of keeping accounts or survey records | 59,702 | 45,367 | + 31.6 | | | |

Continued

Statistical summary of 1939, results with comparisons--Continued

| Activity | Outlook | | Market projects | |
|-------------------------------------------|---------|--------------------|---------------------|---------|
| | 1939 | 1937-38 average | Percent increase | 1939 |
| Days on project by agents and specialists | 10,433 | 11,048 | - 5.6 | 27,156 |
| Communities concerned | 17,075 | 14,872 | + 14.8 | 25,449 |
| Meetings held | 10,253 | 8,849 | + 15.9 | 17,821 |
| News stories published | 4,622 | 5,329 | - 13.3 | 16,288 |
| Different circular letters issued | 2,422 | 2,967 | - 18.4 | 12,322 |
| Farm or home visits made | 26,342 | 10,607 | + 148.3 | 10,750 |
| Office calls received | 58,508 | 37.4 | 327,407 | 6,398 |
| | | | | 7,356 |
| | | | | 37,756 |
| | | | | 272,688 |
| | | | | + 6.6 |
| | | | | + 20.1 |

Continued

Statistical summary of 1939, results with comparisons--Continued

| Activity | Farm and home financing | | |
|------------------------------------------------------------------------------------------------------|-------------------------|--------------------|---------------------|
| | 1939 | 1937-38 average | Percent increase |
| Days on project by agents and specialists | 9,710 | 10,986 | - 11.6 |
| Communities concerned | 13,695 | 14,781 | - 7.3 |
| Meetings held | 3,855 | 3,529 | + 9.2 |
| News stories published | 3,335 | 3,253 | + 2.5 |
| Different circular letters issued | 2,768 | 1,174 | +135.8 |
| Farm or home visits made | 13,291 | 11,039 | + 20.4 |
| Office calls received | 250,583 | 235,986 | + 6.2 |
| | | | |
| Farmers aided to obtain credit | 263,014 | 222,786 | + 18.1 |
| 4-H Club members taught credit (Project started in 1939) | 55,000 | ----- | ----- |
| Farmers aided to make debt adjustments | 20,818 | 27,636 | - 24.7 |
| Farm credit associations assisted in organizing | 323 | 279 | + 15.6 |
| | | | |
| Farmers aided to develop supplemental income sources | 142,070 | 120,142 | + 18.3 |
| Farmers aided to save cash by exchange of labor or use of machinery | 31,904 | 27,216 | + 17.2 |
| Families assisted in barter of own products for commodities or services | 57,307 | 57,174 | + 0.2 |
| Families aided to save cash by producing more of own food | 491,541 | 378,811 | + 29.8 |
| Families assisted to reduce cash expenditures by making own repairs of buildings and machinery | 90,909 | 69,082 | + 31.6 |